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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION  
OF LITCHFIELD PARK SERVICE  
COMPANY, AN ARIZONA  
CORPORATION, FOR A  
DETERMINATION OF THE FAIR VALUE  
OF ITS UTILITY PLANTS AND  
PROPERTY AND FOR INCREASES IN  
ITS WASTEWATER RATES AND  
CHARGES FOR UTILITY SERVICE  
BASED THEREON.

DOCKET NO: SW-01428A-09-0103

IN THE MATTER OF THE APPLICATION  
OF LITCHFIELD PARK SERVICE  
COMPANY, AN ARIZONA  
CORPORATION, FOR A  
DETERMINATION OF THE FAIR VALUE  
OF ITS UTILITY PLANTS AND  
PROPERTY AND FOR INCREASES IN  
ITS WATER RATES AND CHARGES FOR  
UTILITY SERVICE BASED THEREON.

DOCKET NO: W-01427A-09-0104

IN THE MATTER OF THE APPLICATION  
OF LITCHFIELD PARK SERVICE  
COMPANY, AN ARIZONA  
CORPORATION, FOR AUTHORITY (1)  
TO ISSUE EVIDENCE OF  
INDEBTEDNESS IN AN AMOUNT NOT  
TO EXCEED \$1,755,000 IN  
CONNECTION WITH (A) THE  
CONSTRUCTION OF TWO RECHARGE  
WELL INFRASTRUCTURE  
IMPROVEMENTS AND (2) TO  
ENCUMBER ITS REAL PROPERTY AND  
PLANT AS SECURITY FOR SUCH  
INDEBTEDNESS.

DOCKET NO. W-01427A-09-0116

1 IN THE MATTER OF THE APPLICATION  
2 OF LITCHFIELD PARK SERVICE  
3 COMPANY, AN ARIZONA  
4 CORPORATION, FOR AUTHORITY  
5 (1) TO ISSUE EVIDENCE OF  
6 INDEBTEDNESS IN AN AMOUNT NOT  
7 TO EXCEED \$1,170,000 IN  
8 CONNECTION WITH (A) THE  
9 CONSTRUCTION OF ONE 200 KW ROOF  
10 MOUNTED SOLAR GENERATOR  
11 INFRASTRUCTURE IMPROVEMENTS  
12 AND (2) TO ENCUMBER ITS REAL  
13 PROPERTY AND PLANT AS SECURITY  
14 FOR SUCH INDEBTEDNESS.

DOCKET NO. W-01427A-09-0120

**NOTICE OF FILING DIRECT  
TESTIMONY OF STEVEN  
SORIANO**

15 Intervenor PebbleCreek Properties Limited Partnership hereby submits this Notice  
16 of Filing Direct Testimony in the above-referenced matter. Filed herewith is the Direct  
17 Testimony of Steven Soriano along with supporting attachments.

18 DATED this 7<sup>th</sup> day of June, 2011.

MORRILL & ARONSON, P.L.C.

19 By Martin Aronson  
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24 **ORIGINAL** and thirteen (13) copies  
25 of the foregoing were filed  
26 this 7<sup>th</sup> day of June, 2011, with:

Docket Control  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

1 **COPY** of the foregoing hand-delivered  
2 this 7<sup>th</sup> day of June, 2011 to:

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6 Arizona Corporation Commission  
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8 **BEFORE THE ARIZONA CORPORATION COMMISSION**

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15 PROPERTY AND FOR INCREASES IN  
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17 CHARGES FOR UTILITY SERVICE  
18 BASED THEREON.

DOCKET NO: SW-01428A-09-0103

19 IN THE MATTER OF THE APPLICATION  
20 OF LITCHFIELD PARK SERVICE  
21 COMPANY, AN ARIZONA  
22 CORPORATION, FOR A  
23 DETERMINATION OF THE FAIR VALUE  
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25 PROPERTY AND FOR INCREASES IN  
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DOCKET NO: W-01427A-09-0104

IN THE MATTER OF THE APPLICATION  
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DOCKET NO. W-01427A-09-0116

1 IN THE MATTER OF THE APPLICATION  
2 OF LITCHFIELD PARK SERVICE  
3 COMPANY, AN ARIZONA  
4 CORPORATION, FOR AUTHORITY  
5 (1) TO ISSUE EVIDENCE OF  
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9 CONSTRUCTION OF ONE 200 KW ROOF  
10 MOUNTED SOLAR GENERATOR  
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12 AND (2) TO ENCUMBER ITS REAL  
13 PROPERTY AND PLANT AS SECURITY  
14 FOR SUCH INDEBTEDNESS.

DOCKET NO. W-01427A-09-0120

10 **DIRECT TESTIMONY OF STEVEN SORIANO**

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**Direct Testimony of Steven Soriano  
(Phase 2)**

**I. INTRODUCTION**

**Q. Please state your name, business address, and telephone number.**

A. My name is Steven Soriano. My business address is 9532 East Riggs Road, Sun Lakes, Arizona 85248. My business phone is (480) 895-4219.

**Q. By whom are you employed and in what capacity?**

A. I am a Vice President of PebbleCreek Development Company, which is the General Partner of PebbleCreek Properties Limited Partnership, the developer of the PebbleCreek community affected by this rate case. I am also Vice President and General Manager of the water and sewer utility companies owned directly or indirectly by Edward Robson and his family (the "Robson-Related Utility Companies").

**Q. What are your responsibilities as Vice President of PebbleCreek Development Company?**

A. My primary responsibilities consist of those of a chief financial officer, such as arranging financing and seeing to the over-all financial well-being of the company and of PebbleCreek Properties Limited Partnership.

**Q. What are your responsibilities as Vice President and General Manager of the various Robson-related utility companies?**

A. I oversee the day-to-day operations of the utility companies, including managing the financial affairs of the companies.

**Q. Please describe your educational and professional experience.**

A. I graduated from the State University of New York at Buffalo's registered accounting program with a Bachelor of Science in Business Administration. After



1 graduation, I worked as an auditor and a consultant with the Kenneth Leventhal &  
2 Company in New York. I joined Robson Communities, Inc. in 1995 as an  
3 Investment Analyst and now serves as Executive Vice President and Chief  
4 Financial Officer. I am an officer of many Robson-related companies, including  
5 the Robson-Related Utility Companies.

6 **II. PURPOSE OF TESTIMONY**

7 **Q. What is the purpose of your testimony in this case?**

8  
9 A. My testimony, as discussed more fully below, is in support of the additional Hook  
10 Up Fee ("HUF") tariff proposed by Litchfield Park Service Company ("LPSCO")  
11 for "Active Adult" communities, such as the PebbleCreek community being  
developed by Intervenor PebbleCreek Properties Limited Partnership.

12 **III. THE PEBBLECREEK DEVELOPMENT**

13 **Q. Please describe the PebbleCreek development.**

14  
15 A. PebbleCreek is an age-restricted, master planned resort community located in the  
16 City of Goodyear, Arizona. Upon build-out, it is expected to include in excess of  
17 6000 homes. Almost 4000 homes have been build to date. As an age-restricted  
18 community, at least one person must be 50 years of age or older in at least 80% of  
19 the homes. Most residents are older than 50, and no one under 19 years of age is  
permitted to reside in PebbleCreek. Most of the homes in PebbleCreek are  
occupied by two or fewer people.

20 **Q. Why is the "Active Adult" community tariff proposed by LPSCO appropriate**  
21 **in this case?**

22  
23 A. The Growing Smarter Act adopted by the Arizona legislature in 1998 incorporated  
24 the philosophy that growth should pay for growth. The legislature wanted to make  
25 sure that development would pay its fair share of the cost of infrastructure required  
26 to serve new development. Implicit in the Growing Smarter legislation is not only  
that growth should pay for growth, but also that development should not be

1 required to subsidize existing users of infrastructure. The legislature therefore  
2 required that, for example, fees for infrastructure must be reasonably related to the  
3 burden on the municipality to provide additional necessary public services to the  
4 new development. The Court of Appeals confirmed in *Robson Ranch Quail Creek*  
5 *v. Pima County*, 215 Ariz. 545, 161 P.3d 588 (App. 2007), that the fees must be  
6 reasonable with respect to the particular development, and not just development in  
7 general, so that one developer shouldn't be required to subsidize development by  
8 another developer.

9  
10 **Q. How has the Arizona Corporation Commission applied the Growing Smarter**  
11 **legislation?**

12 A. The Arizona Corporation Commission also has endorsed the concept that growth  
13 should pay its fair share of the cost of growth. As with Growing Smarter, that must  
14 mean that while growth must pay its fair share, development must be required to  
15 pay only its fair share and not more. A development should not be required to  
16 subsidize other developers or to subsidize existing utility customers.

17  
18 **Q. How do these concepts apply to the "Active Adult" community HUF tariff tier**  
19 **proposed by LPSCO?**

20 A. The existing wastewater HUF is \$2,450, based on the Residential Equivalent Unit  
21 of 320 gallons per day. This is based on a calculation of 100 gallons of sewage  
22 produced per person per day multiplied by an average of 3.2 people per home.  
23 Contrary to Growing Smarter, this HUF requires developers of active-adult  
24 retirement communities, which typically have fewer than 2 people per home on  
25 average, to subsidize customers and/or developers of conventional housing because  
26 houses in active-adult communities do not produce an average of 320 gallons per  
day.

The inequities of the current HUF are recognized and corrected with LPSCO's  
proposed water and sewer HUF. The current Liberty Development Guide, which  
contains the criteria for building water storage, booster and distribution systems in  
the LPSCO service area, requires water systems for single family conventional  
housing to be designed to a standard of 150 gallons per capita per day and an

1 average of 3.2 people per dwelling unit, for a total average of 480 gallons per  
2 home. [See Liberty Development Guide (attached hereto as Exhibit 1), at 23.] The  
3 design criteria for active-adult housing established by LPSCO are 160 gallons per  
4 capita per day and an average of 1.9 people per dwelling unit, for a total of 304  
5 gallons per average home. [Id.] **Thus, the design capacity for water systems for**  
6 **active-adult communities is only 63.33% of the size for conventional single**  
7 **family homes. The proposed water HUF for homes in active-adult**  
8 **communities is 66.66% of the proposed HUF for conventional single family**  
9 **homes.**

10 **Q. What about wastewater usage in "Active Adult" communities?**

11 **A. On the wastewater side, LPSCO's design criteria for both conventional and active-**  
12 **adult homes is 100 gallons per capita per day. Again, the design criteria assume an**  
13 **average of 1.9 persons per dwelling unit in active-adult and 3.2 persons per**  
14 **dwelling unit in single family homes. [See Exhibit 1, Liberty Development Guide,**  
15 **at 28.] Thus, the design capacity for active-adults is 59.38% of the design**  
16 **capacity for conventional homes. The proposed wastewater HUF is 59.44% of**  
17 **the wastewater HUF for a single family conventional home.**

18 The average number of persons per dwelling used by LPSCO in its design criteria  
19 is reflective of the actual historical occupancies in Robson Resort Communities.  
20 The number of gallons per capita per day used by LPSCO in its calculations seems  
21 a bit high but is within reason as compared to single family conventional homes.  
22 For this reason, PebbleCreek Properties Limited Partnership believes that any  
23 water or wastewater HUF should include an active-adult community tier that in  
24 proportion to the tier set forth in LPSCO's proposed HUF schedule.

25 **Q. Does that conclude your testimony?**

26 **A. Yes.**

# EXHIBIT 1



# Liberty Water

*Because water matters every day*

12725 W. Indian School Rd., Suite D101    Avondale, AZ 85392    623-935-3967

Litchfield Park Service Company (LPSCO) dba Liberty Water

[www.libertywater.com](http://www.libertywater.com)

## **For Maricopa County Properties**

**Prepared by Development Services**

**Revised October 22, 2009**

*All new projects will be subject to an initial deposit prior to review of the master plan (report) and construction plans.*

## GENERAL MASTER PLAN (REPORT) CRITERIA FOR WATER STORAGE, BOOSTER, AND DISTRIBUTION SYSTEMS

A spiral bound hydraulic analysis using the current version of Water CAD, or approved equal must be performed for the proposed water distribution system and submitted as part of the Master Plan. The Master Plan shall be prepared in accordance with Liberty Water's master plan outline. 24"X36" color exhibit showing water line locations, sizes, property boundaries, demand nodes, contour elevations, etc. shall be submitted as part of the Master Plan. The Master Plan shall be signed and sealed by a Registered Professional Civil Engineer in the State of Arizona and submitted to Liberty Water for review and approval. Any and all criteria not listed herein shall be in accordance with, but not limited to, the following governmental agency requirements and any such criteria presented in the Master Plan shall be referenced appropriately for Liberty Water review: Environmental Protection Agency (EPA), Arizona Department of Environmental Quality Engineering Bulletin No. 8 and 10 as administered by the Maricopa County Environmental Services Department, Arizona Department of Water Resources, Maricopa Association of Governments, Maricopa County Health Code Chapter V, Uniform Fire Code, Maricopa County Planning and Zoning Requirements, and appropriate municipality regulations, if development is in a municipality serviced by Liberty Water.

All new projects will be subject to an initial deposit prior to review of the master plan (report) and construction plans.

Land Use	Ave Day Demand (gpcd)	Capita/DU	Max Day Peaking Factor	Peak Hour Peaking Factor
Active Adult	160	1.9	1.8	3.0
Single Family	150	3.2	1.8	3.0
Multi Family	110	2.0	1.8	3.0
Commercial	1,700 gpd/acre	n/a	1.8	3.0
Developed Open Space	1,800 gpd/acre	n/a	n/a	n/a

Please contact Liberty Water for Resource

### Pressures

Minimum

Pressures:

55 psi static and 40 psi @ peak hour, 20 psi @ max day + fire flow In accordance with the Uniform Plumbing Code, any structure experiencing pressures greater than 80 psi shall have an individual pressure reducing valve on the customer side of the meter. Maximum system pressures in excess of 90 psi static shall be approved by Liberty Water in writing prior to submittal of any master plan.

### Velocity & Headloss:

8 fps maximum velocity for distribution system; 2 fps minimum and 6 fps maximum velocity.

For well transmission lines 5 ft headloss per 1,000 linear feet of pipe for well transmission lines.

### Hazen-Williams Coefficient:

for all design instances utilizing the Hazen-Williams coefficient a factor of 130 Shall be used. The Darcy-Weisbach equation must be used for booster station design.

### Fire Flows<sup>2</sup>

One and two-family dwellings < 3,600 sq. ft.:

1,500 gpm for 2 hours

One and two-family dwellings > 3,600 sq. ft.:

In accordance with the 1997 UFC

All other development:

3,000 gpm for 3 hours (minimum)

<sup>2</sup>may be subject to jurisdictional Fire Marshall

A letter from the local Fire Chief/ Marshall having jurisdiction may be required.

## LPSCO dba LIBERTY WATER DEVELOPMENT GUIDE

### GENERAL MASTER PLAN (REPORT) CRITERIA FOR WASTEWATER COLLECTION SYSTEMS

A hydraulic analysis must be performed for the proposed wastewater collection system and submitted as part of the Master Plan. The design methodology shall be presented and appropriately referenced. The results of this analysis shall be spiral bound presented in tabular form using sewer CAD or excel, with at least the following information presented: pipe number, to/from manhole number, pipe size, pipe slope (slopes which are greater than minimum design shall be noted), average daily flow, peak hour flow, d/D ratio at peak hour, and velocity at peak hour. An analysis of sewer force mains must be performed, including impacts due to pump surge, and submitted as part of the master plan. Force main hydraulic losses shall be performed using the Darcy-Wiesbach equation. A 24"X36" color exhibit showing flow contributing area, sewer line number, and manhole number locations, flow direction, property boundaries, contour elevations, etc. shall be submitted as part of the Master Plan. The Master Plan shall be signed and sealed by a Registered Professional Engineer and submitted to Liberty Water for review and approval.

All new projects will be subject to an initial deposit prior to review of the master plan (report) and construction plans.

Average Daily Flow	100 gpcd
Commercial/Industrial Average Daily Flow	1,500 gal/acre/day
Population Density	
Active Adult	1.9 persons per DU
Single Family	3.2 persons per DU
Multi Family	2.0 persons per DU
Peak Hour Factor	3.0

Sewer Depth of Cover	7'-6" minimum for trunk-lines 5'-0" minimum for all other provided that service lines have 4'.5" minimum cover at the property line.
Rim Elevations	Above 100 year floodplain
Manning's Roughness Coefficient	$n = 0.013$
Sewer Pipe Material	Epoxy lined D.I.P. or concrete encased PVC SDR 35 at wash crossings. PVC SDR 35 for all other.
Velocities	2.0 fps minimum at peak hour 2.0 fps minimum at average daily flow for trunk lines. 10.0 fps maximum
Manhole Spacing	500 ft maximum for lines less than 18" in diameter. Reference A.A.C. R18-9-E301 for larger diameter lines.
Cleanouts	At end of lines less than 200 ft
Sewer Capacity Ratio	$d/D = 0.75$ maximum at peak hour
Minimum Pipe Diameter	8", 12" along section lines, 6" for force mains